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August 4, 2021

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader Schumer and Minority Leader McConnell,

We're writing to express support for the bipartisan amendment to the infrastructure bill offered by Senator Wyden, Senator Lummis, and Senator Toomey.

We share the Senators' concern that the existing provision regarding the taxation of cryptocurrency transactions is overly broad and will sweep in non-intermediaries, such as network validators and software developers, and would stifle innovation by imposing what would be an unworkable reporting requirement on those groups. The infrastructure bill is too important to be left vulnerable to future legal challenges based on the text as currently written. This bipartisan amendment is the right solution to address these concerns in a simple way.

As the leaders of the largest crypto venture fund, we are encouraged by the government's recognition that this emerging sector is here to stay and is only growing. For diverse constituencies – from musicians, artists, and other creators to small business owners and those left out of the traditional financial system – there is so much untapped potential in crypto and blockchain. A proper regulatory strategy needs to reflect one important fact: crypto is not a monolith. The crypto universe extends far beyond its financial origins, encompassing artwork, community development, and new ways of forming organizations. These use cases will only continue to grow as whole new economies are built on decentralized protocols, much like the internet was built on top of protocols like TCP/IP. Smart regulation must reflect the nuance that different crypto uses will require different rules of the road.

Decentralized crypto networks represent an extraordinary opportunity for the United States to put forth a proactive strategy that will promote open systems and societies over closed ones, power economic growth, and prioritize job creation. If this bill passed as written without the amendment, it would be counter to what this infrastructure legislation is supposed to accomplish. We can't afford to sacrifice tomorrow's economic opportunity because of a flawed bill that has a simple fix.

In a world searching for solutions to an internet increasingly controlled by a handful of actors, decentralized networks are a credible path forward. At the same time, China has placed huge bets on its government's centralized control over the next wave of financial and computing infrastructure. We as a country can offer an alternative: participatory and inclusive infrastructure that works better for everyone. We firmly believe that crypto will enable societies to harness the full potential of digital transformation and realize the unfulfilled promises of our current system.

Sincerely,

Marc Andreessen, cofounder and general partner, Andreessen Horowitz
Ben Horowitz, cofounder and general partner, Andreessen Horowitz
Katie Haun, general partner, Andreessen Horowitz
Chris Dixon, general partner, Andreessen Horowitz